

Indian Economy

India's economic momentum remains strong, underpinned by resilient domestic demand and sustained macroeconomic stability. In FY 2025–26, Real GDP (GDP at Constant Prices) is estimated to reach Rs. 3,22,58,000 crore, rising from Rs. 2,99,89,000 crore in FY 2024–25, reflecting a robust growth of 7.6%. At current prices, Nominal GDP is projected to reach Rs. 3,45,47,000 crore (US\$ 3.91 trillion) in FY 2025–26, from Rs. 3,18,07,000 crore (US\$ 3.60 trillion) in the previous year, registering a growth of 8.6%. On the production side, Real Gross Value Added (GVA) is estimated at Rs. 2,94,40,000 crore, up from Rs. 2,73,36,000 crore in FY 2024–25, indicating a growth of 7.7%, while Nominal GVA is expected to expand to Rs. 3,13,61,000 crore (US\$ 3.55 trillion) from Rs. 2,88,54,000 crore (US\$ 3.26 trillion), marking a growth of 8.7%. In Q3 FY26, Real GDP is estimated at Rs. 84,54,000 crores against Rs. 78,41,000 crores in Q3 FY25, while Nominal GDP rose to Rs. 90,91,000 crores from Rs. 83,46,000 crores, showing continued quarterly momentum. Collectively, these trends highlight India's position as one of the fastest-growing major economies, supported by broad-based expansion across sectors.

India is home to 126 unicorns, with six new startups achieving unicorn status in 2025.

India's current account deficit widened in Q3 FY 2025–26 (October–December), primarily due to a higher merchandise trade deficit.

The deficit stood at Rs. 1.18 lakh crore (US\$ 13.2 billion), compared with Rs. 0.95 lakh crore (US\$ 11.3 billion) in the same quarter last year.

The merchandise trade deficit increased to Rs. 8.34 lakh crore (US\$ 93.6 billion) from Rs. 6.70 lakh crore (US\$ 79.3 billion) in Q3 FY25, while the services surplus improved to Rs. 5.12 lakh crore (US\$ 57.5 billion) from Rs. 4.32 lakh crore (US\$ 51.2 billion) during the same period.

Economic Outlook

India continues to maintain its position as the world's fastest-growing major economy. According to the latest projections of the International Monetary Fund, India's economy is expected to grow by 6.5% in 2026 and 2027, significantly higher than most advanced and emerging economies. The IMF attributes this growth to strong domestic demand, public investment, and resilience in the services sector.

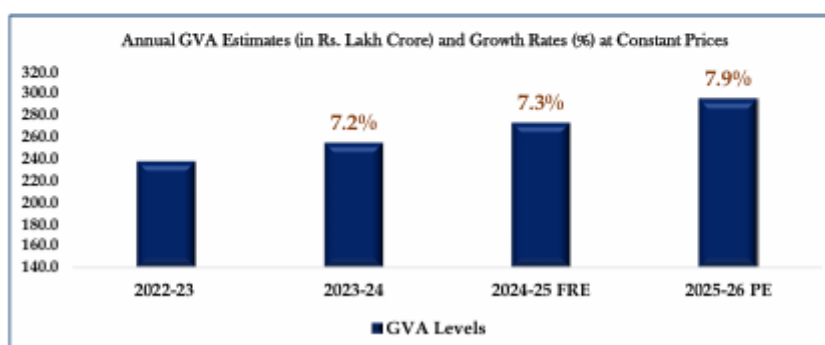
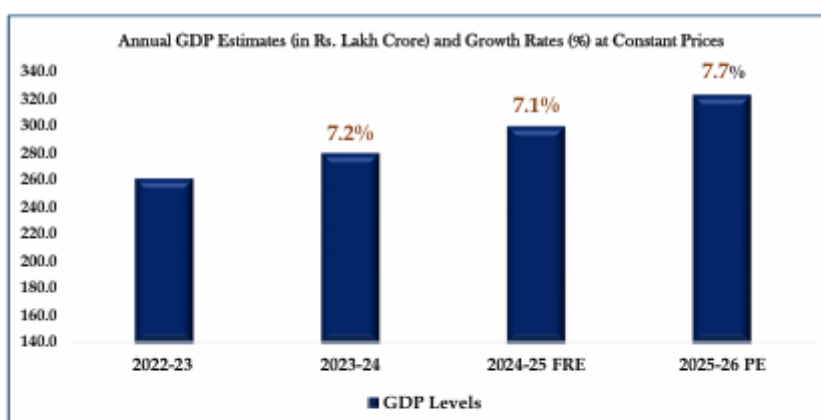
The Reserve Bank of India, in its June 2026 Monetary Policy Review, revised its GDP growth forecast for FY 2026-27 to 6.6%, citing external risks such as geopolitical tensions in West Asia and volatility in crude oil prices, while maintaining confidence in India's underlying economic fundamentals.

Despite global economic uncertainties, India remains one of the key drivers of global growth, supported by strong domestic consumption, infrastructure spending, digital transformation, and manufacturing expansion.

Key Economic Indicators

GDP Growth

- Real GDP or GDP at Constant Prices is estimated to attain a level of ₹323.12 lakh crore in the FY 2025-26, against the First Revised Estimate (FRE) of GDP for the year 2024-25 of ₹299.89 lakh crore. The growth rate in Real GDP during 2025-26 is estimated at 7.7% as compared to 7.1 % in 2024-25.
- Nominal GDP or GDP at Current Prices is estimated to attain a level of ₹346.36 lakh crore in the year 2025-26, against ₹318.07 lakh crore in 2024-25, showing a growth rate of 8.9%.
- Real GVA is estimated at ₹294.91 lakh crore in the year 2025-26, against ₹273.36 lakh crore in FY 2024-25, registering a growth rate of 7.9% as compared to 7.3% growth rate in 2024-25.
- Nominal GVA is estimated to attain a level of ₹314.87 lakh crore during FY 2025-26, against ₹288.54 lakh crore in 2024-25, showing a growth rate of 9.1%.



GST Collections

- India's gross GST collection for May 2026 stood at ₹1,94,184 crore, registering a 3.2% year-on-year growth over the collection of ₹1,88,172 crores recorded in May 2025.
- After accounting for refunds, net GST revenue in May 2026 was ₹1,66,904 crore, reflecting a 3.3% increase over the corresponding period last year.
- GST collections moderated from the record high of ₹2,42,702 crore in April 2026 but continued to remain above the ₹1.9 lakh crore mark, indicating sustained economic activity and tax compliance.
- Gross import revenue under GST increased by 19.1% to ₹59,654 crore in May 2026, highlighting strong import activity and contributing significantly to overall GST growth.
- During April-May FY 2026-27, cumulative gross GST collections reached ₹4,36,887 crore, recording a 6.2% growth over ₹4,11,437 crore collected during the corresponding period of the previous financial year.
- Maharashtra remained the highest GST-contributing state, followed by Karnataka and Gujarat, continuing to account for a significant share of national GST revenues.

Inflation Trends

- India's Consumer Price Index (CPI) inflation increased to 3.48% in April 2026, compared to 3.40% in March 2026, remaining below the Reserve Bank of India's medium-term target of 4%.
- Food inflation (CFPI) stood at 4.20% in April 2026, compared to 3.87% in March 2026. Rising prices of vegetables, fruits and other food items contributed to the increase in retail inflation.
- Rural inflation was recorded at 3.74%, while urban inflation stood at 3.16% in April 2026.
- Despite the rise, India's inflation remains among the most moderate levels in recent years and continues to stay within the RBI's comfort range.
- The Reserve Bank of India has revised its inflation outlook for FY 2026-27 to 5.1%, citing risks arising from rising global crude oil prices, geopolitical tensions, and weather-related disruptions.

Foreign Exchange Reserves

- India's foreign exchange reserves stood at USD 682.32 billion for the week ending 29 May 2026, registering an increase of USD 938 million over the previous week.
- The increase was primarily driven by a rise in Foreign Currency Assets (FCA), the largest component of India's forex reserves.
- Prior to this increase, reserves had declined to USD 681.38 billion for the week ending 22 May 2026, mainly due to valuation losses in gold reserves and foreign currency assets amid global market volatility.
- RBI Governor Sanjay Malhotra described India's forex reserves as "healthy," highlighting their role in maintaining external sector stability and supporting the Indian rupee against global uncertainties.
- India's foreign exchange reserves continue to provide a strong buffer against external shocks and remain among the largest reserve holdings globally. The RBI has also announced additional measures to attract foreign currency inflows and further strengthen reserve levels.
- The current level of reserves is considered sufficient to finance several months of imports and enhance confidence in India's external sector fundamentals.

Trade and Investment

Exports & Imports

- India's merchandise exports increased by 2.77% to USD 38.13 billion in May 2026, compared to USD 37.10 billion in May 2025.
- Merchandise imports rose by 1.62% to USD 61.91 billion in May 2026, against USD 60.92 billion in May 2025.
- The trade deficit stood at USD 23.78 billion in May 2026, compared with USD 23.82 billion in May 2025.
- During April–May 2026, cumulative merchandise exports reached USD 77.19 billion, while imports stood at USD 125.52 billion.
- India's major merchandise export sectors continued to include Engineering Goods, Petroleum Products, Electronic Goods, Drugs & Pharmaceuticals, Organic & Inorganic Chemicals, and Textiles.
- Key export destinations remained the United States, UAE, Netherlands, China, Singapore, United Kingdom, Saudi Arabia, Bangladesh, Germany and Italy.
- Major import items included Crude Petroleum, Gold, Electronic Goods, Machinery, Organic Chemicals, Coal, Fertilizers, and Precious Stones.
- key import sources included China, Russia, United Arab Emirates (UAE), United States of America, Saudi Arabia, Iraq, Indonesia, South Korea, Singapore, Switzerland, Hong Kong and Japan.
- India's services exports continued to remain strong, contributing significantly to overall external sector performance and helping offset part of the merchandise trade deficit.

Foreign Direct Investment (FDI)

- FDI equity inflows during April–December FY 2025-26 stood at USD 34.94 billion, indicating continued steady inflows in the current financial year.
- FDI inflows remained stable despite global uncertainties, supported by strong domestic demand and policy support.
- Major sectors attracting FDI included Services, Computer Software & Hardware, Trading, Telecommunications, Automobile Industry and Construction Development.
- Key source countries for FDI inflows were Singapore, Mauritius, USA, Netherlands, Japan and UAE.

Startups

- India continues to remain the 3rd largest startup ecosystem globally, with over 1.4 lakh DPIIT-recognized startups as of 2026, reflecting strong entrepreneurial growth.
- The government's Startup India initiative has played a key role in promoting innovation, ease of doing business, and access to funding for startups across sectors.

Sources:

- a) IBEF
- b) IMF
- c) RBI
- d) MOSPI
- e) PIB
- f) DGFT
- g) Department of Commerce
- h) DPIIT
- i) Economic Times
- j) Times of India